

# Transmission Services

## FY 2007 Financial Status and Reports

### for the PPC Presentation

### February 13, 2007



# Transmissions Financial Highlights

## FY 2007 Financial 2006 Performance

### as of December 31, 2006

Report ID: 0023FY07

**Transmission Services Summary Statement of Revenues and Expenses**

Run Date/Time: January 30, 2007/ 01:35

Requesting BL: TRANSMISSION BUSINESS UNIT

Through the Month Ended December 31, 2006 as of December 31, 2006

Data Source: EPM Data Warehouse

Unit of Measure: \$ Thousands

Preliminary/ Unaudited

% of Year Lapsed = 25%

	A	B	C	D	E	F <Note 1	G	H
	Actuals: FY 2006	Actuals: FYTD 2006	Rate Case Forecast: FY 2007	Target: SOY FY 2007	Actuals: FYTD 2007	Forecast: Quarter1 FY 2007	FYTD Actuals per SOY	Forecast per SOY
<b>Operating Revenues</b>								
1 Sales	605,324	146,194	598,433	594,393	158,473	594,393	27%	100%
2 Miscellaneous Revenues	35,808	5,736	28,795	30,765	7,778	30,765	25%	100%
3 Inter-Business Unit Revenues	143,207	28,407	109,773	126,201	28,074	126,201	22%	100%
4 <b>Total Operating Revenues</b>	784,339	180,337	737,001	751,359	194,325	751,359	26%	100%
<b>Operating Expenses</b>								
5 Transmission Operations	83,946	19,496	97,039	103,268	20,535	103,268	20%	100%
6 Transmission Maintenance	88,996	18,637	84,965	99,115	21,579	99,115	22%	100%
7 Transmission Engineering	13,719	5,449	9,549	15,923	3,214	15,923	20%	100%
8 Trans Services Transmission Acquisition and Ancillary Services <Note 2	88,584	21,172	93,457	93,221	21,307	93,221	23%	100%
9 Transmission Reimbursables	24,056	3,601	10,000	10,000	2,154	10,000	22%	100%
BPA Internal Support								
10 Additional Post-Retirement Contribution	11,600	2,900	10,550	10,550	2,637	10,550	25%	100%
11 Agency Services G&A	63,402	14,684	58,482	54,255	11,820	54,255	22%	100%
12 Other Income, Expenses & Adjustments	(1,201)	44			(1,255)			
13 Non-Federal Debt Service <Note 2	5,770	197		5,873	2,054	5,873	35%	100%
14 Depreciation & Amortization <Note 2	171,359	42,616	207,517	177,707	44,306	177,707	25%	100%
15 <b>Total Operating Expenses</b>	550,231	128,797	571,559	569,912	128,351	569,912	23%	100%
16 <b>Net Operating Revenues (Expenses)</b>	234,108	51,541	165,442	181,447	65,974	181,447	36%	100%
<b>Interest Expense</b>								
17 Interest	145,961	37,474	182,944	145,696	36,075	142,321	25%	98%
18 AFUDC	(9,201)	(2,596)	(11,516)	(8,767)	(2,066)	(8,800)	176%	100%
19 <b>Net Interest Expense</b>	136,761	34,878	171,428	136,929	34,009	133,521	25%	98%
20 <b>Net Revenues (Expenses) from Continuing Operations</b>	97,347	16,663	(5,986)	44,518	31,966	47,926	72%	108%
21 <b>Net Revenues (Expenses)</b>	<b>\$97,347</b>	<b>\$16,663</b>	<b>(\$5,986)</b>	<b>\$44,518</b>	<b>\$31,966</b>	<b>\$47,926</b>	<b>72%</b>	<b>108%</b>

<1 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<2 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.



## Financial Performance as of December 31, 2006

### FINANCIAL OVERVIEW RESULTS

- **Monthly** – December net revenue is \$13M. Revenues of \$71M are \$7M higher than the start-of-year forecast of \$64M. Operating expenses of \$32M are at the start-of-year level. Depreciation and net interest expense are also at expected levels.
- **FYTD or after 3 months** – Transmission Services financial position of \$32M net revenue after three months of activity is tracking higher than the expected \$15M anticipated in the start-of-year forecast.
- **FYTD Capital Spending** – After first quarter, \$46M is reasonably consistent with project work authorized to date.



## Revenue Analysis as of December 31, 2006

### REVENUE ANALYSIS COMPARED TO START-OF-YEAR AND CURRENT PLAN

- **From a performance view or billing records**, revenues are \$6.7M over forecast through December. Major variances from the start-of-year (SOY) forecast by product group are:
  - Network \$3.6M
  - Ancillary Services \$2.7M



## Revenue Analysis as of December 31, 2006

### **REVENUE ANALYSIS COMPARED TO START-OF-YEAR AND CURRENT PLAN** (Cont.)

- Network Integration revenues are \$3.6M over forecast due to high regional loads as a result of a few days below normal temperatures in both Oct and Nov.
- Ancillary Service revenues are \$2.7M over forecast, primarily from Operating Reserves (OR, \$1.2M) and Regulation and Frequency Response (RFR \$0.6M), Scheduling, System Control and Dispatch Service (SCD, \$0.5M). Part of the variance of OR is due to some major customers giving up self-supply at the last minute. RFR and SCD variances are related to Network variance.



# Financial Performance as of December 31, 2006

## FINANCIAL OVERVIEW – ANALYSIS OF EXPENSES

- Transmission revenues of \$194M, through December, are \$6M higher than the \$188M expected in the SOY forecast. The year-end forecast of \$751M is still valid. Key factors that can effect revenues throughout the year are weather, new service and water availability for surplus sales.
- Transmission program's operating expenses of \$84M are lower than the expectation of \$94M. The year-end forecast of \$392M is still valid.
- Corporate general and administrative (G&A) distributions of \$12M are lower than the expected \$14M at SOY. However the end-of-year forecast of \$54M is still valid.
- Depreciation and amortization of \$44M is consistent with the end-of-year forecast of \$178M.
- Net Interest of \$34M is consistent with the end-of-year forecast of \$137M. However, the forecast for first quarter has been revised resulting in a decrease of about \$3M. The net interest forecast changes from \$137M to \$134M.
- Financial targets will be met or bettered.



## Financial Overview as of December 31, 2006

### **FIRST QUARTER END-OF-YEAR FORECAST**

- **Net Revenue – Change upward by \$3.4M.** The net revenue forecast increases from \$44.5M to \$47.9M. The improvement is attributed to the lower net interest forecast.
- **Revenues – No Change.** The first quarter revenues are consistent with Start of Year (SOY) forecast.
- **Operating Expense – No Change.** Operating expenses are relatively consistent with the start-of-year estimate.
- **Depreciation and Amortization – No Change.** Depreciation and amortization expense are tracking to the start-of-year budget.

(Continued on Next Page)



## Financial Overview as of December 31, 2006

### **FIRST QUARTER END-OF-YEAR FORECAST (Continued)**

- **Net Interest – Change downward by \$3.4M.** The forecast for net interest is adjusted to include fiscal year 2006 actual results, changes to the fiscal year 2007 borrowing plan and changes in the cash balances due to settlement for SLICE.
- **Capital – Change downward by \$40.7M.** The forecast is adjusted to decrease wind projects from start-of-year budget of \$80.7M to \$40M to reflect actual signed contracts in place as of the end of the first quarter.





## Financial Performance as of December 31, 2006

### FINANCIAL OVERVIEW – ANALYSIS OF CAPITAL

- Projects approved using Treasury's borrowing authority and revenue financing total \$230M or 95% of capital allocation. Actual capital spending to date requiring borrowing authority is \$32M.
- Capital expenditures for all costs including third-party and customer financed projects total \$46M. Note 1/
- Capital expenditures on projects (direct costs) including third-party and customer financed projects total \$30M.
- Total spending authorized for customer financed projects is \$27M of which \$10M has been spent after three months.
- Non-direct capital costs after three months are tracking lower than the end-of-year forecast.

Note 1/ Excludes projects funded in advance (PFIA).



## Capital Summary as of December 31, 2006

<u>SOURCE</u>	<u>FUNDING</u> <sup>1/</sup>	
Congressional Budget - FY 2007	\$342	Million
OMB Budget- FY 2008 for FY 2007	\$361	Million
Rate Case		
- PIR Close Out	\$301	Million
- Set Rates	\$280	Million
BPA Capital Allocation Board (CAB) to TS	\$242	Million <sup>2/</sup>
Projects Authorized to date by TS	\$274	Million
Projects Approved for Funding	\$254	Million
Start-of-year Forecast	\$363	Million <sup>3/</sup>
December EOY Expenditure Forecast	\$290-\$323	Million

<sup>1/</sup> Note: Funding amounts are adjusted for start-of-year IT, traditional projects funded in advance, and includes spacer dampers.

<sup>2/</sup> = Borrowing Authority + Revenue Financing

<sup>3/</sup> = Excludes \$5M traditional projects funded in advance.

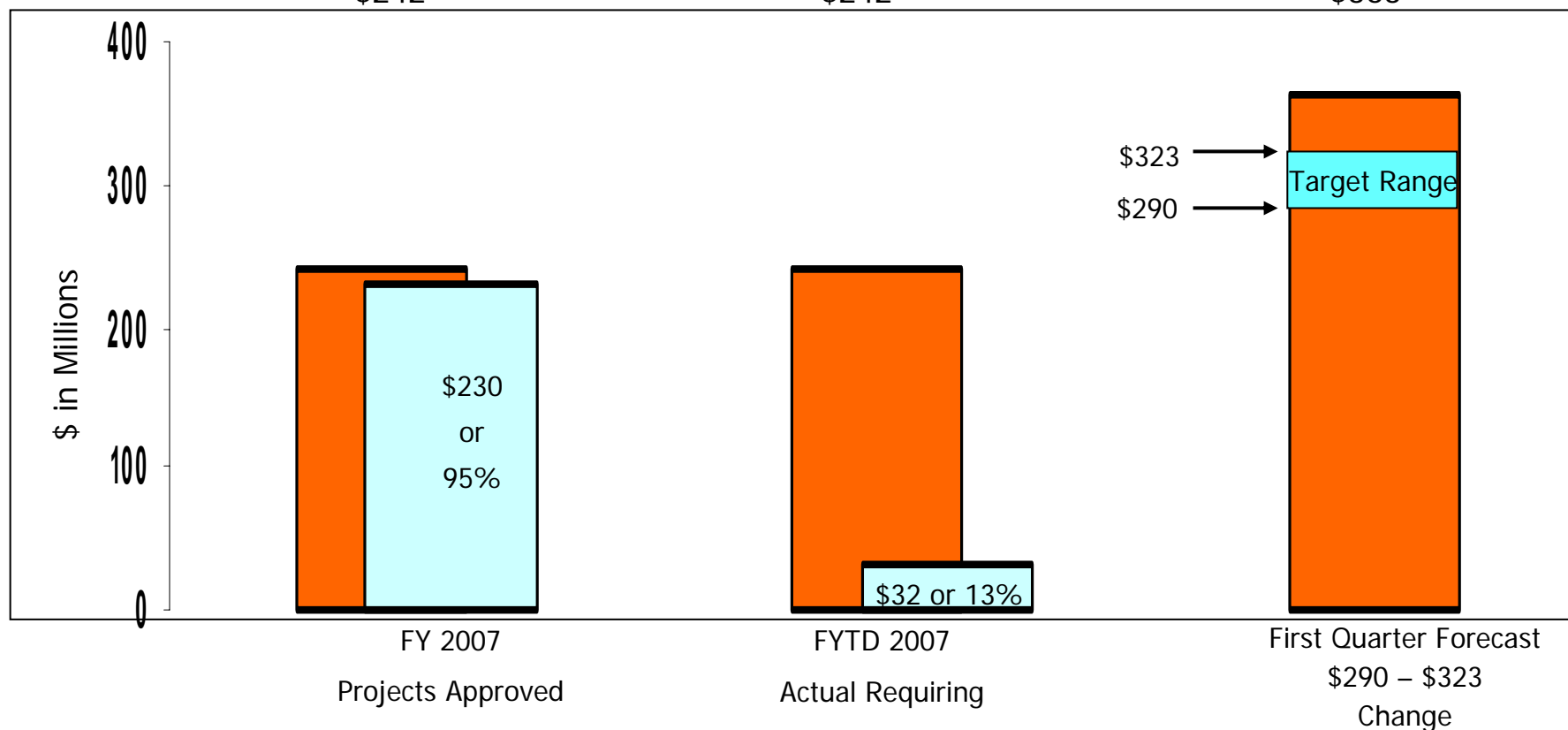


# Capital Program as of December 31, 2006

(A) <sup>1/</sup>  
CAB Allocation  
= \$242

(B) <sup>1/</sup>  
CAB Allocation  
= \$242

(C) <sup>2/</sup>  
FY 2007 SOY  
= \$363

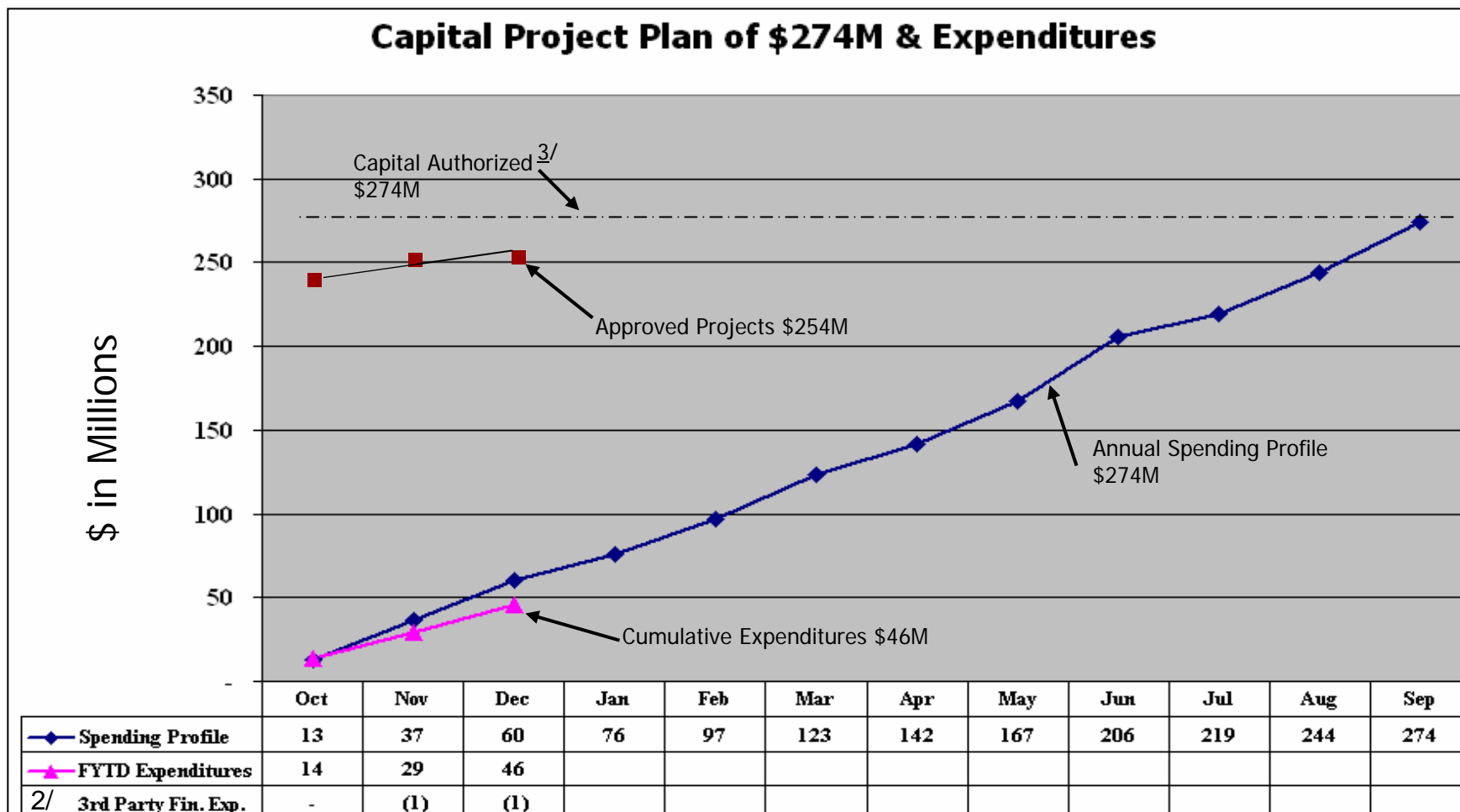


<sup>1/</sup> Borrowing Authority + Revenue Financing.

<sup>2/</sup> Capital scoring against borrowing authority plus revenue, 3rd party, and customer financing. Excludes PFIA projects.



# Capital Program <sup>1/</sup> Cumulative View as of December 31, 2006



<sup>1/</sup> Capital including spacer dampers scoring against borrowing authority plus revenue, <sup>3rd</sup> party and customer financing (PF). Excludes PFIA projects.

<sup>2/</sup> These <sup>3rd</sup> PF amounts are included in the fiscal year-to-date actuals shown above.

<sup>3/</sup> Management control amount that includes spacer-dampers and funding authorized for customer-financed projects.



# **Transmissions Income Statement in Standardized Report Format as of December 31, 2006**

Report ID: 0061FY07

**Transmission Services Detailed Statement of Revenues and Expenses**

Run Date/Time: January 30, 2007 01:36

Requesting BL: TRANSMISSION BUSINESS UNIT

Through the Month Ended December 31, 2006 as of December 31, 2006

Data Source: EPM Data Warehouse

Unit of Measure: \$ Thousands (\$000)

Preliminary/ Unaudited

% of Year Lapsed = 25%

	A	B	C	D <sup>&lt;Note 1</sup>	E	F	G	H
	Actuals: FY 2005	Actuals: FY 2006	Actuals: FYTD 2006	Rate Case: FY 2007	Target SOY: FY 2007	Actuals: FYTD 2007	Forecast: Current EOY	FYTD Actuals per Forecast
<b>Operating Revenues</b>								
1 <b>Sales</b>	\$500,030	\$605,324	\$146,194	\$598,433	\$594,393	\$158,473	\$594,393	27%
2 <b>Miscellaneous Revenues</b>	27,353	35,808	5,736	28,795	30,765	7,778	30,765	25%
3 <b>Inter-Business Unit Revenues</b>	107,147	143,207	28,407	109,773	126,201	28,074	126,201	22%
4 <b>Total Operating Revenues</b>	634,530	784,339	180,337	737,001	751,359	194,325	751,359	26%
<b>Operating Expenses</b>								
<b>Transmission Operations</b>								
<b>System Operations</b>								
5       INFORMATION TECHNOLOGY	979	1,299	377	10,230	5,824	890	5,824	15%
6       POWER SYSTEM DISPATCHING	8,188	8,271	1,900	9,800	9,791	2,566	9,791	26%
7       CONTROL CENTER SUPPORT	8,431	9,265	2,169	7,770	11,399	2,183	11,399	19%
8       TECHNICAL OPERATIONS	2,769	3,204	790	3,620	3,380	695	3,380	21%
9       SUBSTATION OPERATIONS	17,265	18,193	4,475	18,193	17,042	4,060	17,042	24%
10 <b>Sub-Total</b>	37,631	40,232	9,711	49,613	47,436	10,393	47,436	22%
<b>Scheduling</b>								
11      MANAGEMENT SUPERVISION & ADMINISTRATION	617	845	121	356	2,332	137	2,332	6%
12      RESERVATIONS	263	394	69	300	743	125	743	17%
13      PRE-SCHEDULING	575	652	173	740	542	116	542	21%
14      REAL-TIME SCHEDULING	3,456	3,583	859	3,506	4,718	859	4,718	18%
15      SCHEDULING TECHNICAL SUPPORT	4,199	1,953	813	6,264	2,088	245	2,088	12%
16      SCHEDULING AFTER-THE-FACT	404	306	96	653	312	65	312	21%
17 <b>Sub-Total</b>	9,514	7,733	2,131	11,819	10,735	1,548	10,735	14%

**Note 1:** The TBL groupings of expenses by programs and sub-programs for FY 2006 estimates, developed as part of the FY 2006 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report.



# Transmissions Income Statement in Standardized Report Format as of December 31, 2006

Report ID: 0061FY07	<b>Transmission Services Detailed Statement of Revenues and Expenses</b>	Run Date/Time: January 30, 2007 01:36
Requesting BL: TRANSMISSION BUSINESS UNIT	Through the Month Ended December 31, 2006 as of December 31, 2006	Data Source: EPM Data Warehouse
Unit of Measure: \$ Thousands (\$000)	Preliminary/ Unaudited	% of Year Lapsed = 25%

	A	B	C	D <sup>&lt;Note 1</sup>	E	F	G	H
	Actuals: FY 2005	Actuals: FY 2006	Actuals: FYTD 2006	Rate Case: FY 2007	Target SOY: FY 2007	Actuals: FYTD 2007	Forecast: Current EOY	FYTD Actuals per Forecast
<b>Marketing and Business Support</b>								
18 TRANSMISSION SALES	2,085	2,371	502		3,752	813	3,752	22%
19 MKTG EXECUTIVE OFFICE								
20 MKTG INTERNAL OPERATIONS	540	572	143	1,060	275	69	275	25%
21 MKTG TRANSMISSION FINANCE	663	668	202	760	299	77	299	26%
22 MKTG CONTRACT MANAGEMENT	1,842	1,776	405	2,007	3,062	597	3,062	19%
23 MKTG TRANSMISSION BILLING	1,552	1,577	302	2,106	3,208	611	3,208	19%
24 MKTG BUSINESS STRAT & ASSESS	2,575	2,835	631	2,192	4,442	760	4,442	17%
25 MARKETING IT SUPPORT	98	433	14	2,585		218		
26 MARKETING AND SALES	745	503	528	2,243		26		
27 METER DATA	919	618	123	1,972		6		
28 <b>Marketing Sub-Total</b>	11,019	11,352	2,849	14,925	15,038	3,175	15,038	21%
29 EXECUTIVE AND ADMIN SERVICES	5,578	5,354	1,282	11,718	6,734	1,327	6,734	20%
30 STAFF MANAGEMENT (HR)	483	(431)	(205)	416				
31 LEGAL SUPPORT	1,632	1,629	376		2,141	558	2,141	26%
32 TBL INTERNAL GENERAL & ADMINISTRATIVE	8,851	12,717	2,135	3,098	11,403	1,933	11,403	17%
33 SUPPORT FOR SHARED SERVICES PRODUCTS	1							
34 AIRCRAFT SERVICES	736	723	267	743	1,206	135	1,206	11%
35 LOGISTICS SERVICES	4,054	3,685	844	3,700	7,682	1,111	7,682	14%
36 SECURITY ENHANCEMENTS	401	950	106	1,007	892	355	892	40%
37 <b>Business Support Sub-Total</b>	21,734	24,628	4,805	20,682	30,059	5,418	30,059	18%
38 <b>Transmission Operations Sub-Total</b>	79,898	83,946	19,496	97,039	103,268	20,535	103,268	20%

**Note 1:** The TBL groupings of expenses by programs and sub-programs for FY 2006 estimates, developed as part of the FY 2006 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report.



# 

## 

### 

#### 

##### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

###### 

######

# Transmissions Income Statement in Standardized Report Format as of December 31, 2006

Report ID: 0061FY07      **Transmission Services Detailed Statement of Revenues and Expenses**      Run Date/Time: January 30, 2007 01:36  
 Requesting BL: TRANSMISSION BUSINESS UNIT      Through the Month Ended December 31, 2006 as of December 31, 2006      Data Source: EPM Data Warehouse  
 Unit of Measure: \$ Thousands (\$000)      Preliminary/ Unaudited      % of Year Lapsed = 25%

	A	B	C	D <Note 1	E	F	G	H
	Actuals: FY 2005	Actuals: FY 2006	Actuals: FYTD 2006	Rate Case: FY 2007	Target SOY: FY 2007	Actuals: FYTD 2007	Forecast: Current EOY	FYTD Actuals per Forecast
<b>Transmission Engineering</b>								
<b>System Development</b>								
55 RESEARCH & DEVELOPMENT	2,362	2,997	151	3,328	3,940	361	3,940	9%
56 TSD PLANNING AND ANALYSIS	2,770	3,743	527	1,521	4,226	973	4,226	23%
57 CAPITAL TO EXPENSE TRANSFER	4,490	6,625	4,265	4,000	4,000	373	4,000	9%
58 REGULATORY & REGION ASSOC FEES	850	354	505	700	3,758	1,507	3,758	40%
59 <b>Sub-Total</b>	10,472	13,719	5,449	9,549	15,923	3,214	15,923	20%
60 <b>Transmission Engineering Sub-Total</b>	10,472	13,719	5,449	9,549	15,923	3,214	15,923	20%
<b>Trans. Services Transmission Acquisition and Ancillary Services</b>								
<b>BBL Acquisition and Ancillary Products and Services</b>								
61 ANCILLARY SERVICES PAYMENTS	64,341	67,980	16,336	64,485	63,412	15,911	63,412	25%
62 OTHER PAYMENTS TO POWER SERVICES	3,848	3,775	944	3,920	6,131	1,632	6,131	27%
63 STATION SERVICES PAYMENTS	4,700	3,202	802	3,816	3,589	895	3,589	25%
64 <b>Sub-Total</b>	72,889	74,957	18,081	72,221	73,132	18,438	73,132	25%
<b>Non-BBL Acquisition and Ancillary Products and Services &lt;Note 2</b>								
65 LEASED FACILITIES	4,418	5,115	1,206	12,614	11,689	1,095	11,689	9%
66 GENERAL TRANSFER AGREEMENTS (settlement)	624	648	254	912		135		
67 NON-BBL ANCILLARY SERVICES	1,379	7,864	1,630	7,710	8,400	1,640	8,400	20%
68 <b>Sub-Total</b>	6,420	13,627	3,091	21,236	20,089	2,870	20,089	14%
69 <b>Trans. Svcs. Acquisition and Ancillary Services Sub-Total</b>	79,310	88,584	21,172	93,457	93,221	21,307	93,221	23%
<b>Transmission Reimbursables</b>								
<b>Reimbursables</b>								
70 EXTERNAL REIMBURSABLE SERVICES	10,717	23,050	3,408	10,000	8,564	2,063	8,564	24%
71 INTERNAL REIMBURSABLE SERVICES	749	1,006	193		1,436	91	1,436	6%
72 <b>Sub-Total</b>	11,467	24,056	3,601	10,000	10,000	2,154	10,000	22%
73 <b>Transmission Reimbursables Sub-Total</b>	11,467	24,056	3,601	10,000	10,000	2,154	10,000	22%

**Note 1:** The TBL groupings of expenses by programs and sub-programs for FY 2006 estimates, developed as part of the FY 2006 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report. **Note 2:** Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.





# Transmissions Income Statement in Standardized Report Format as of December 31, 2006

Report ID: 0061FY07				Transmission Services Detailed Statement of Revenues and Expenses				Run Date/Time: January 30, 2007 01:36			
Requesting BL: TRANSMISSION BUSINESS UNIT				Through the Month Ended December 31, 2006 as of December 31, 2006				Data Source: EPM Data Warehouse			
Unit of Measure: \$ Thousands (\$000)				Preliminary/ Unaudited				% of Year Lapsed = 25%			
				A	B	C	D <sup>&lt;Note 1</sup>	E	F	G	H
				Actuals: FY 2005	Actuals: FY 2006	Actuals: FYTD 2006	Rate Case: FY 2007	Target SOY: FY 2007	Actuals: FYTD 2007	Forecast: Current EOY	FYTD Actuals per Forecast
BPA Internal Support											
74	Additional Post-Retirement Contribution			13,250	11,600	2,900	10,550	10,550	2,637	10,550	25%
75	Agency Services G & A (excludes direct project support)			50,682	63,401	14,684	31,125	54,255	11,820	54,255	22%
76	Shared Services (excludes direct proj sup)			7,484	1		27,357				
77	BPA Internal Support Subtotal			71,416	75,002	17,584	69,032	64,805	14,457	64,805	22%
Other Income, Expense, and Adjustments											
78	Bad Debt Expense			487	903	23			(90)		
79	Other Income, Expenses, Adjustments			(578)	(2,104)	21			(1,165)		
80	Capital Projects with Expense Accounts										
81	Undistributed Reduction										
82	Non-Federal Debt Service <Note 2			1,555	5,770	197		5,873	2,054	5,873	35%
83	Depreciation			189,452	171,264	42,479	207,517	177,707	44,271	177,707	25%
84	Amortization <Note 2			49	94	137			35		
85	Total Operating Expenses			523,085	550,231	128,797	571,559	569,912	128,351	569,912	23%
86	Net Operating Revenues (Expenses)			111,445	234,108	51,541	165,442	181,447	65,974	181,447	36%
Interest Expense											
Interest on Federal Investment											
87	Appropriated			48,150	46,435	11,607	44,449	44,614	11,166	44,665	25%
88	Capitalization Adjustment			(18,968)	(18,968)	(4,742)	(18,968)	(18,968)	(4,742)	(18,968)	25%
89	Gross Bonds Interest Expense			103,318	99,184	24,711	142,625	91,725	22,811	90,925	25%
90	Interest Earned on BPA Fund			(8,890)	(13,517)	(2,309)	(10,818)	(14,500)	(3,688)	(16,875)	22%
91	Debt Service Reassignment Interest			25,080	32,827	8,207	25,656	42,825	10,528	42,574	25%
92	AFUDC			(12,936)	(9,201)	(2,596)	(11,516)	(8,767)	(2,066)	(8,800)	23%
93	Net Interest Expense			135,754	136,761	34,878	171,428	136,929	34,009	133,521	25%
94	Total Expenses			658,838	686,992	163,674	742,987	706,841	162,359	703,433	23%
95	Net Revenues (Expenses) from Continuing Operations			(24,309)	97,347	16,663	(5,986)	44,518	31,966	47,926	67%
96	Net Revenues (Expenses)			(\$24,309)	\$97,347	\$16,663	(\$5,986)	\$44,518	\$31,966	\$47,926	67%

**Note 1:** The TBL groupings of expenses by programs and sub-programs for FY 2005 estimates, developed as part of the FY 2006 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report. **Note 2:** Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.



## Financial Disclosure

This information has been made publicly available by BPA on February 13, 2007 and is consistent with BPA-approved Agency Financial Information.

